

Message Text

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53

ACTION EUR-25

INFO OCT-01 ADP-00 PA-03 PRS-01 USIA-15 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 NIC-01

RSR-01 /120 W

----- 081554

R 141036Z AUG 73

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 0014

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE BUDAPEST 2887

VIENNA FOR EAST-WEST TRADE CENTER

E.O. 11652: N/A

TAGS: ECON HU

SUBJECT: GOH ANNOUNCES STRONG TRADE PERFORMANCE FOR
FIRST HALF OF YEAR

1. SUMMARY. IN PRESS CONFERENCE AUG 10 FOREIGN TRADE
MINISTER BIRO HAPPILY ANNOUNCED FAVORABLE FOREIGN TRADE
RESULTS FOR FIRST HALF 1973. BIRO DECLARED VALUE OF
EXPORTS INCREASED 20 PERCENT DURING SIX MONTH PERIOD,
WHILE TOTAL IMPORTS UP ONLY 3 PERCENT. EXPORTS TO
SOCIALIST COUNTRIES ROSE 15 PERCENT, AND THERE WAS 31
PERCENT JUMP IN SALES TO NON-SOCIALIST AREAS. AT SAME
TIME IMPORTS FROM CAPITALIST COUNTRIES GREW 16 PERCENT
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WHILE THOSE FROM RUBLE AREA STATES DECLINED 4-5 PERCENT.

BIRO STATED THAT AS RESULT OF EXPORT PERFORMANCE BALANCE OF HUNGARIAN FOREIGN TRADE TURNOVER SHIFTED FROM 1 BILLION DEVISA FORINT (DFT) DEFICIT IN FIRST HALF 1972 TO 1 BILLION DFT. SURPLUS DURING SAME PERIOD THIS YEAR. THIS RESULTED FROM LARGE 2 BILLION DFT. SURPLUS IN TRADE WITH CEMA PARTNERS AS DEFICIT IN TRADE WITH WEST, WHILE REDUCED BY 400 MILLION DFT. REMAINS SIZEABLE. BIRO CITED LIMITATIONS IN INVESTMENT AS IMPORTANT REASON FOR CURRENT IMPROVEMENT. END SUMMARY.

2. TURNING TO THEME OF COOPERATION BIRO PRAISED "OUTSTANDING" RESULTS ACHIEVED BY CEMA COUNTRIES IN THIS RESPECT, NOTING THAT 14 MULTILATERAL AGREEMENTS ON PRODUCTION SPECIALIZATION SIGNED WITHIN LAST TWO YEARS AND 43 NEW AGREEMENTS BEING READIED FOR SIGNATURE. ALSO MENTIONED FAVORABLY WERE 50 COOPERATION AGREEMENTS AND 300 CONTRACTS ON COOPERATION CONCLUDED WITH CAPITALIST ENTERPRISES IN 1972. ON NEGATIVE SIDE, BIRO REGRETTEDE DECLINE IN NUMBER HUNGARIAN PURCHASES OF WESTERN LICENSES.

3. BIRO NOTED ALSO SOME CHANGES IN FOREIGN TRADE STRUCTURE AS WELL, CITING AS EXAMPLE FACT THAT PROPORTION OF MACHINES AND EQUIPMENT TO SOCIALIST COUNTRIES INCREASED FROM 35 PERCENT TO 39 PERCENT; UNLIKE EXPORTS, HUNGARY PURCHASED FEWER MACHINES THAN THIS TIME LAST YEAR BECUASE OF "CERTAIN LIMITATIONS ON INVESTMENT." HUNGARY ALSO BOUGHT 14-15 PERCENT LESS MACHINERY THAN IN FIRST SIX MONTHS LAST YEAR WHILE AT SAME TIME DELIVERING 75 PERCENT MORE METALLURGIC MATERIALS TO CAPITALIST COUNTRIES. HUNGARY, HOWEVER, EXPORTED LESS LIVE ANIMALS AND MEAT PRODUCTS FIRST HALF OF THIS YEAR.

4. COMMENT. ALTHOUGH NAGGING PROBLEM OF CONTINUING TRADE DEFICITS WITH WEST CONTINUES, GOH ON WHOLE APPARENTLY QUITE PLEASED WITH RAPID IMPROVEMENT IN FOREIGN TRADE PICTURE FROM LARGE TRADE DEFICITS OF 1971. BIRO'S REFERENCE TO LIMITATIONS ON INVESTMENTS, ENACTED IN WAKE OF THESE DEFICITS, AS IMPORTANT REASON FOR CURRENT IMPROVEMENT WILL NO DOUBT BE CITED HERE AS EVIDENCE GOVERNMENT'S CONTINUING ABILITY TO TAKE EFFECTIVE REMEDIAL ACTION WITHIN FRAMEWORK LIMITED OFFICIAL USE

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OF ECONOMIC REFORMS.
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